

Message Text

CONFIDENTIAL

PAGE 01 JIDDA 01818 081423Z

54

ACTION NEA-12

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04

RSC-01 PRS-01 SP-03 SS-20 USIA-15 STR-08 TRSE-00

FEA-02 EB-11 IO-14 CIEP-02 SCI-06 COME-00 OPIC-12

OMB-01 DRC-01 NEAE-00 /206 W

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P R 081310Z APR 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 6667

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY CARACAS

USINT DAMASCUS

AMCONSUL DHAHREN

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

C O N F I D E N T I A L JIDDA 1818

E.O.: 11652: GDS

TAGS: PFOR, SA

SUBJ: REACTION TO U.S.-SAUDI ANNOUNCEMENT OF COOPERATION

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PAGE 02 JIDDA 01818 081423Z

SUMMARY: REACTION TO APRIL 5 ANNOUNCEMENT OF NEW SPECIAL RELATIONSHIP BETWEEN US AND SAUDI ARABIA HAS BEEN UNIVERSALLY POSITIVE. GREATEST ENTHUSIASM HAS COME FROM HIGHER LEVEL GOVERNMENT OFFICIALS PRIVY TO REAL SIGNIFICANCE OF ANNOUNCEMENT AND BUSINESSMEN CAPABLE OF PERCEIVING ITS POTENTIAL FOR THE KINGDOM AND THEIR INTERESTS. ANNOUNCEMENT ITSELF WAS GIVEN BROAD COVERAGE IN PRESS AND RADIO BUT THERE HAS BEEN NO OFFICIAL PUBLIC AMPLIFICATION SINCE. MANY OFFICIAL AND PRIVATE SAUDIS--AS WELL AS SOME RESIDENT PALESTINIANS--HAVE REACTED TO ANNOUNCEMENT TO CONTEXT BROADER ME DEVELOPMENTS AND CONSIDER IT A SIGN OF U.S. DETERMINATION TO ACHIEVE FINAL ME SETTLEMENT. END SUMMARY.

1. ANNOUNCEMENT OF NEW SAUDI-U.S. RELATIONSHIP WAS EXTENSIVELY AIRED ON SAUDI RADIO AND TELEVISION APRIL 5 AND WAS LEAD ITEM IN APRIL 6 NEWSPAPERS. SINCE THEN THERE HAS BEEN NO FURTHER OFFICIAL AMPLIFICATION AND ONLY ONE EDITORIAL ON SUBJECT HAS APPEARED (JIDDA DAILY UKAZ, APRIL 8)-- IT WAS LAUDATORY OF THIS NEW DEVELOPMENT IN SAUDI-US RELATIONS AND ATTACKED RADICAL ARAB CRITICISM OF SAUDI-US COOPERATION.

2. PUBLIC REACTION HAS BEEN POSITIVE AND WE HAVE HEARD NO CRITICISM OF THE NEW RELATIONSHIP. THE DEGREE OF ENTHUSIASM HAS VARIED, IN GENERAL BEING GREATEST AMONG THOSE AT HIGHER LEVELS OF GOVERNMENT (OR WITH ACCESS TO INFORMATION AT THAT LEVEL) AND WHO THEREFORE APPRECIATE HOW EXTENSIVE AN ASSOCIATION IS ENVISAGED AND HOW USEFUL IT MIGHT BE TO SAUDI ARABIA. ALSO HIGHLY POSITIVE HAS BEEN THE REACTION FORM THE BUSINESS COMMUNITY, ESPECIALLY THOSE LONG ASSOCIATED WITH AMERICAN BUSINESS INTEREST WHO HAVE RECENTLY BEEN BEMOANING THE DISADVANTAGE AT WHICH US FIRMS FIND THEM-SELVES IN THE FACE OF THE ONSLAUGHT BY JAPANESE AND EUROPEAN FIRMS THAT ENJOY THE OFFICIAL BACKING AND EVEN PARTICIPATION OF THEIR GOVERNMENTS.

3. MANY SAUDIS IN GOVERNMENT AND PRIVATE BUSINESS ARE PLEASED BECAUSE THEY BELIEVE A CLOSE RELATIONSHIP WITH THE U.S. ENHANCES THE LIKELIHOOD OF BALANCED DEVELOPMENT OF THE COUNTRY, AS OPPOSED TO INDUSTRIALIZATION BASED SOLELY ON THE PETROLEUM RESOURCES OF THE EASTERN PROVINCE. HEJAZI CONFIDENTIAL

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PAGE 03 JIDDA 01818 081423Z

BUSINESSMEN, FOR INSTANCE, ARE ELATED AND CONFIDENT THAT AS THE KINGDOM PARTICIPATES WITH THE US IN SCIENTIFIC, TECHNOLOGICAL AND OTHER INDUSTRIAL PROJECTS THE HEJAZ--WITH ITS RELATIVELY AMPLE, WILLING AND WELL TRAINED LABOR FORCE-- WILL BE A PRIME BENEFICIARY. (ALREADY THERE IS EXPECTATION THAT HIGH JIDDA PROPERTY VALUES WILL FURTHER SHARPLY RISE).

4. AMERICAN BUSINESSMEN RESIDENT IN SAUDI ARABIA UNDER-

STANDABLY DELIGHTED. IN LIGHT OF THIS ANNOUNCEMENT SOME HAVE TOLD US THEY ARE REVISING THEIR RECOMMENDATIONS TO THEIR HEAD OFFICES FOR FURTHER INVOLVEMENT IN THE DEVELOPMENT OF SAUDI ARABIA. (WE ARE SELECTIVELY BRIEFING AMERICAN BUSINESSMEN).

5. THERE IS STILL A CONSIDERABLE AMOUNT OF PUZZLEMENT AT JUST WHAT THE NEW RELATIONSHIP MEANS; WE EXPECT THIS WILL DIMINISH AS THE SAG BEGINS TO DISSEMINATE INFORMATION ON THE FORMATION OF COMMISSIONS, ETC. WE HAVE HEARD A NUMBER OF THOUGHTFUL COMMENTS FROM SAUDIS ON THE KIND OF DEVELOPMENT WHICH IS NECESSARY. SEVERAL, INCLUDING THE MINISTER OF STATE FOR PERSONNEL PLANNING, HAVE SAID THE KINGDOM'S GREATEST NEED IS FOR STRENGTHENING THE GOVERNMENT'S ADMINISTRATIVE APPARATUS AND FOR ASSISTANCE IN TRAINING AND MANPOWER DEVELOPMENT. OTHERS HAVE EXPRESSED CONCERN THAT INDUSTRIALIZATION AND ECONOMIC DEVELOPMENT MUST BE MATCHED BY CORRESPONDING STEPS IN SOCIAL DEVELOPMENT.

6. MANY POLITICALLY CONSCIOUS SAUDIS (AND ALSO LOCAL PALESTINIANS), HAVE PUT NEW SAG-US RELATIONSHIP IN CONTEXT MIDDLE EAST SETTLEMENT AND TAKE IT AS INDICATION OF U.S. DETERMINATION TO CONTINUE PEACE EFFORTS UNTIL JUST SOLUTION REACHED. THERE IS A STRONG AND VOCAL CONSENSUS, HOWEVER, THAT SUCCESS OF US-SAUDI ENDEAVOR STRICTLY DEPENDS ON CONTINUED PROGRESS TOWARDS PEACE. OTHERS HAVE REMARKED THAT IT IS A GRATIFYING SIGN THAT US ACTING AS IF IT KNOWS WHERE ITS TRUE INTERESTS IN MIDDLE EAST LIE.

7. LOCAL SAUDI NEWS BROADCAST AT 1430 (1130GMT) APRIL 8 CARRIED NEWS THAT AMBASSADOR HAD MET THAT DAY WITH MINISTER OF DEFENSE PRINCE SULTAN AND THEY HAD DISCUSSED "BLOSSOMING" OF NEW, CORDIAL US-SAUDI RELATIONS. WE WILL REPORT ANY CONFIDENTIAL

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PAGE 04 JIDDA 01818 081423Z

FURTHER REACTIONS.
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